

HR Weekly Podcast
01/04/2008

Today is January 4, 2008, and welcome to the HR Weekly Podcast from the State Office of Human Resources. This week's topic concerns Baby Boomers nearing retirement and the affect that will likely have on employers.

In 2006, 75 million Baby Boomers, born between 1946-1964, began to turn 60. Most of these Baby Boomers will continue to work past retirement age. According to the AARP, originally the American Association of Retired Persons, 68% of workers between the ages of 50 to 70 plan to work through retirement or possibly give up retirement completely. Some factors that contribute to this trend are Baby Boomers living longer than previous generations which allows them the chance to reinvent themselves and pursue new careers and Baby Boomers having inadequate savings towards retirement which leaves them poorly prepared financially and forced to delay retirement. Researchers estimate that about 20% of the workforce will be Baby Boomers by 2015. Currently, South Carolina state government has 1,943 rehired retirees and 3,376 TERI employees. With 14,980 South Carolina state government employees eligible to retire in the next 5 years, South Carolina state government must prepare for the impact those retirements could have on the workforce.

For employers, an aging workforce creates not only great opportunities, but also huge liabilities. The 2006 Merrill Lynch New Retirement Study: A Perspective from Individuals and Employers shows that many people are working after retirement, including taking steps for a new retirement career, but employers are not adequately preparing for this change. Employers need to recognize this new model of retirement to begin implementing workforce and succession planning now. Employers also need to be aware of this change in the workforce to protect themselves from age discrimination lawsuits. According to one source, between 1997 and 2003, age discrimination plaintiffs recovered more monies from juries than did any other protected group.

While many Baby Boomers will choose to keep working, there is concern about those who actually choose to retire. Part of the concern stems from the idea that various budgetary pressures will develop when Baby Boomers collect Social Security and Medicare benefits and have not accumulated enough private savings to finance their retirement which will cause a heavy dependence on government benefits. The population of Baby Boomers who retire is expected to increase much more quickly than the taxpaying workforce. These retired Baby Boomers will likely increase the need for many of the services that government provides, particularly healthcare services, which will likely require an increase in public workers to deliver those services.

So, both the continued working and the retirement of Baby Boomers will impact the workforce of the future. Public employers need to factor that impact into their workforce planning. If you have questions about this topic, please contact your HR consultant at 737-0900.

Thank you.